

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1483

ANSWERED ON:03.03.2000

INCLUSION OF INDUSTRIES IN PRIORITY SECTOR OF FIS

NAWAL KISHORE RAI;SUSHIL KUMAR INDORA

Will the Minister of FINANCE be pleased to state:

(a) whether some industries under various new sectors have been included in the priority sector of the financial institutions for providing loans during the last three years;

(b) if so, the details thereof;

(c) the total number of industries along with the names of sectors included in the priority sector at present; and

(d) the percentage of loan proposed to be released to each sector?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRIBALASAHEB VIKHE PATIL)

(a) and (b): While target for lending to priority sector has been prescribed for commercial banks, no such target has been prescribed for financial institutions. The new segments included recently under the definition of priority sector for lending by banks are:

(i) loans to software industry having a credit limit not exceeding Rs.1 crore,

(ii) loans to the food and agro-based processing sector,

(c) : At present the priority sector comprises the following segments in addition to the segments listed above:-

1. Agriculture
2. Small scale industries (including setting up of industrial estates)
3. Small road and water transport operators (owning upto 10 vehicles)
4. Small business (Original cost of equipment used for business not to exceed Rs.10 lakh; working capital limit of Rs. 5 lakh)
5. Retail trade (advances to private retail traders upto Rs.5 lakh)
6. Professional and self-employed persons (borrowing limit not exceeding Rs.5 lakh of which not more than Rs.1 lakh for working capital; in the case of qualified medical practitioners setting up practice in rural areas, the limits are double the above figures and purchase of one motor vehicle within these limits can be included under priority sector)
7. State sponsored organizations for SCs/STs
8. Education (educational loans granted to individuals by banks under their own schemes)
9. Housing (both direct and indirect-loans upto Rs.5 lakhs, direct loan upto Rs.10 lakh in urban/metropolitan areas).
10. Consumption loans (under the consumption credit scheme for weaker sections)
11. Refinance by sponsor banks to RRBs
12. Loans to self help groups (SHGs)/NGOs for onlending to SHGs.
13. Investment by banks in venture capital.

(d): The following target/sub-targets have been stipulated for lending by Indian commercial banks to the priority sector:-

Total priority sector advances	: - 40% of net bank credit
Of which to:	
Agricultural advances	: - 18% of net bank credit
Advances to weaker sections	: - 10% of net bank credit

